

INTERIM FINANCIAL STATEMENTS

STRATABOUND MINERALS CORP.
(Unaudited – Prepared by Management)

June 30, 2006

Stratabound Minerals Corp.

BALANCE SHEETS

(Unaudited – Prepared by Management)

	June 30, 2006	December 31, 2005
	\$	\$
ASSETS		
Current		
Cash	89,473	325,874
Marketable securities	329	329
Accounts receivable	45,940	8,069
Provincial resource tax credit receivable	24,512	24,512
	<u>160,254</u>	<u>358,784</u>
Property and equipment	4,012	4,684
Mineral properties [note 2]	3,761,045	3,532,383
	<u>3,925,311</u>	<u>3,895,851</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	37,095	52,135
	<u>39,000</u>	<u>34,500</u>
Future income taxes	39,000	34,500
Shareholders' equity		
Share capital [note 3]	9,001,200	8,887,025
Contributed surplus [note 3]	109,975	85,475
Deficit	(5,261,959)	(5,163,284)
	<u>3,849,216</u>	<u>3,809,216</u>
	<u>3,925,311</u>	<u>3,895,851</u>

See accompanying notes

Approved on behalf of the Board of Directors:

“Stan Stricker” _____ Director “Michael Mann” _____ Director

Stratabound Minerals Corp.

STATEMENTS OF OPERATIONS AND DEFICIT

Periods ended June 30

(Unaudited – Prepared by Management)

	Three months 2006 \$	Three months 2005 \$	Six months 2006 \$	Six months 2005 \$
Revenues	604	99	1,812	795
Expenses				
Stock-based compensation <i>[note 3]</i>	24,500	28,533	24,500	28,533
Salaries and benefits	13,875	11,066	27,151	22,131
Filing fees and investor communications	11,776	12,037	17,583	18,930
Professional fees	8,750	8,730	16,331	10,230
Office and other	2,323	3,543	7,650	14,475
Rent	1,050	900	2,100	1,800
Depletion and amortization	336	290	672	580
	62,610	65,099	95,987	96,679
Net loss before income taxes	62,006	65,000	94,175	95,884
Income taxes				
Future income taxes (recovery)	(2,000)	—	4,500	—
Net loss for the period	60,006	65,000	98,675	95,884
Deficit, beginning of period	5,201,953	5,192,994	5,163,284	5,162,110
Deficit, end of period	5,261,959	5,257,994	5,261,959	5,257,994
Basic loss per share	0.005	0.004	0.005	0.006
Diluted loss per share	0.004	0.004	0.004	0.006

See accompanying notes

Stratabound Minerals Corp.

STATEMENTS OF CASH FLOWS

Periods ended June 30

(Unaudited – Prepared by Management)

	Three months 2006	Three months 2005	Six months 2006	Six months 2005
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN)				
Operating				
Net loss for the period	(60,006)	(65,000)	(98,675)	(95,884)
Items not involving cash				
Depletion and amortization	336	290	672	580
Stock-based compensation	24,500	28,533	24,500	28,533
Future income taxes (recovery)	(2,000)	—	4,500	—
Funds from operations	(37,170)	(36,177)	(69,003)	(66,771)
Net change in non-cash working capital	(4,602)	(85,401)	(52,911)	32,905
	(41,772)	(121,578)	(121,914)	(33,866)
Financing				
Proceeds from exercised warrants	106,675	1,500	106,675	1,500
Proceeds from exercised options	7,500	—	7,500	—
Issuance of share capital	—	20,000	—	20,000
Proceeds received for issuance of share capital closing in the subsequent period	—	187,500	—	187,500
	114,175	209,000	114,175	209,000
Investing				
Expenditures on mineral properties	(188,350)	(56,538)	(268,662)	(268,872)
Government incentives	20,000	—	40,000	—
	(168,350)	(56,538)	(228,662)	(268,872)
Increase (decrease) in cash for the period	(95,947)	30,884	(236,401)	(93,738)
Cash, beginning of period	185,420	94,456	325,874	219,078
Cash, end of period	89,473	125,340	89,473	125,340

See accompanying notes

Stratabound Minerals Corp.

NOTES TO INTERIM FINANCIAL STATEMENTS

June 30, 2006 and 2005

(Unaudited – Prepared by Management)

The Company's auditors have not audited nor have they performed a review of these interim financial statements. The unaudited interim financial statements for the period ended June 30, 2006 have been prepared by management in accordance with Canadian generally accepted accounting principles and follow the same accounting policies as the financial statements for the fiscal year ended December 31, 2005. The unaudited interim financial statements should be read in conjunction with the financial statements and the notes thereon for the fiscal year ended December 31, 2005.

1. FUTURE OPERATIONS

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

These financial statements have been prepared on the going concern basis and do not include any adjustments that may be required should the Company be unable to continue as a going concern. The amounts shown as mineral properties costs represent net costs to date, less amounts written off, and do not necessarily represent present or future values. The recoverability of the cost of mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition of properties.

2. MINERAL PROPERTIES

The Company has capitalized expenditures related to the mineral properties summarized as follows:

	Bathurst, N.B. \$	Otish Mountains, Que. \$	Ramsay Brook, N.B. \$	Elmtree, N.B. \$	Enja, Que. \$	Three months ended June 30, 2006 \$	Three months ended June 30, 2005 \$
Cost – April 1, 2006	2,627,903	209,013	244,210	447,437	64,132	3,592,695	3,235,794
Acquisitions and renewals	2,700	860	—	—	273	3,833	1,082
Assays and analyses	—	—	—	15,056	—	15,056	10,534
Drilling	—	—	—	127,494	—	127,494	—
Geology and prospecting	11,163	950	—	8,845	5,109	26,067	39,922
Geophysics	—	—	—	10,500	—	10,500	—
Salaries and benefits	300	300	—	4,500	300	5,400	5,000
Stock-based compensation	—	—	—	—	—	—	16,942
Government incentives	(20,000)	—	—	—	—	(20,000)	—
Cost – June 30, 2006	2,622,066	211,123	244,210	613,832	69,814	3,761,045	3,309,274

Stratabound Minerals Corp.

NOTES TO INTERIM FINANCIAL STATEMENTS

June 30, 2006 and 2005

(Unaudited – Prepared by Management)

2. MINERAL PROPERTIES (CONT'D)

	Bathurst, N.B. \$	Otish Mountains, Que. \$	Ramsay Brook, N.B. \$	Elmtree, N.B. \$	Enja, Que. \$	Six months ended June 30, 2006 \$	Six months ended June 30, 2005 \$
Cost – January 1, 2006	2,623,484	198,012	241,460	406,263	63,164	3,532,383	3,023,460
Acquisitions and renewals	2,889	6,576	—	—	273	9,738	29,746
Assays and analyses	—	1,740	—	15,056	—	16,796	47,324
Drilling	—	—	—	134,332	—	134,332	92,712
Geology and prospecting	15,093	4,195	2,450	35,137	5,777	62,652	67,373
Geophysics	—	—	—	28,165	—	28,165	21,717
Line-cutting	—	—	—	5,579	—	5,579	—
Salaries and benefits	600	600	300	9,300	600	11,400	10,000
Stock-based compensation	—	—	—	—	—	—	16,942
Government incentives	(20,000)	—	—	(20,000)	—	(40,000)	—
Cost – June 30, 2006	2,622,066	211,123	244,210	613,832	69,814	3,761,045	3,309,274

3. SHARE CAPITAL

Authorized

An unlimited number of common shares, without nominal or par value

Issued

	Number of Shares	Amount \$
December 31, 2005	21,221,162	8,887,025
Issued on exercise of options	50,000	7,500
Issued on exercise of warrants	611,500	106,675
June 30, 2006	21,882,662	9,001,200

Stratabound Minerals Corp.

NOTES TO INTERIM FINANCIAL STATEMENTS

June 30, 2006 and 2005

(Unaudited – Prepared by Management)

3. SHARE CAPITAL (CONT'D)

Stock options outstanding

Number of Options	Exercise Price \$	Expiry Date
450,000	0.22	Aug. 2, 2007
425,000	0.20	Mar. 5, 2009/ Jun. 27, 2009
375,000	0.15	Apr. 21, 2010
Total	1,250,000	

In the second quarter of 2006, the Company granted 175,000 options to consultants pursuant to its Stock Option Plan. Compensation costs totaling \$24,500 (\$0.14 per option) using the fair-value method have been recorded. The weighted average fair value of each option granted is estimated using the Black-Scholes option-pricing model using the following assumptions for options as follows: weighted average life of three years, risk-free interest rate of 3.0%, expected volatility of 120% and dividend yield of 0%.

Share purchase warrants outstanding

Number of Warrants	Exercise Price \$	Expiry Date
1,356,000	0.15	July 25, 2006
210,000	0.20	Oct. 14, 2006
185,000	0.30	Dec. 10, 2006
57,500	0.20	Dec. 23, 2006
1,467,447	0.22	May 17, 2007
930,000	0.20	July 28, 2007
14,875	0.18 / 0.25	Nov. 7, 2006/ Nov. 7, 2007
		Dec. 22, 2006/ Dec. 22, 2007
200,000	0.18 / 0.25	Dec. 22, 2007
Total	4,420,822	

4. SUBSEQUENT EVENTS

Subsequent to June 30, 2006, but before July 25, 2006, 1,356,000 warrants were exercised at a price of \$0.15 per warrant for total proceeds of \$203,400. On August 25, 2006, the Company closed a private placement of 2,500,000 common shares at \$0.20 per share for total proceeds of \$500,000. Upon closing of the financing, the Agent will receive a cash commission of 6% of the total proceeds raised and be granted warrants equivalent to 6% of the total shares sold. The warrants have a two-year term and an exercise price of \$0.20 per share.